



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: March 16, 2016

Contact: \*CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov  
IRS – Criminal Investigation

CI Release #: CI-2016-03-16-C

### **Former CEO of Canadian Hazardous Waste Treatment Company Convicted of Conspiracy to Pay Kickbacks and Committing Major Fraud against the United States**

The former Chief Executive Officer of a firm that specialized in the treatment and disposal of contaminated soil was convicted in the District of New Jersey of conspiring to pay kickbacks and committing major fraud against the United States in connection with obtaining subcontracts for the treatment and disposal of contaminated soil at a New Jersey Superfund site overseen by the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers, the Department of Justice announced today.

John Bennett, of Vancouver, British Columbia, was charged with these crimes in August 2009, extradited from Canada to the United States in November 2014 to face trial, and was convicted today after a three week trial in Newark, New Jersey. Bennett was also the founder and Chairman of the Board of Bennett Environmental Inc., a firm with offices in Vancouver and Toronto.

“John Bennett corrupted the competitive bidding process by paying kickbacks in order to win a Superfund contract. He literally stole money from the United States,” said Assistant Attorney General Bill Baer of the Justice Department’s Antitrust Division. “Thanks to the hard work of our law enforcement agents, antitrust prosecutors, and colleagues in Canada who secured his extradition, a jury of his peers has held him accountable for his crimes.”

Beginning in 2001, Bennett conspired with others at Bennett Environmental to pay kickbacks worth over \$1 million to the project manager at Federal Creosote, a Superfund site located in Manville, New Jersey, in an effort to guarantee the award of soil treatment contracts to his company. These kickbacks included money transferred by wire to a co-conspirator’s shell company, lavish trips and entertainment expenses, and personal gifts.

In exchange for these gifts and cash payments, the project manager at Federal Creosote provided Bennett Environmental employees with “last looks” at their competitors’ confidential bids. The provision of these last looks allowed Bennett Environmental to submit its own bid at the last minute and outbid its competitors without independently determining its price, thereby guaranteeing an award to the company and undermining the competitive bid process on this federally-funded project.

According to court testimony by two cooperating witnesses who participated in the scheme with Bennett, he authorized and actively participated in the conspiracy by approving the payment of kickbacks in exchange for last looks and by approving the prices at which Bennett Environmental would bid. This testimony was supported by dozens of emails, memoranda, phone and bank records and other company documents. As a result of the payment of these kickbacks, Bennett Environmental was fraudulently awarded tens of millions of dollars in soil treatment and disposal contracts at Federal Creosote. The conspiracy continued until 2004.

Sentencing is scheduled for June 27, 2016 before Judge Susan D. Wigenton. The fraud conspiracy for which Bennett was found guilty carries a maximum penalty of five years in prison and a \$250,000 criminal fine. The major fraud against the United States conviction carries a maximum of ten years in prison and a \$1 million criminal fine for individuals. The maximum may be increased to twice the gain derived from the crime or twice the loss.

The investigation at Federal Creosote has resulted in the conviction of 10 individuals and three companies of charges including major fraud against the United States, tax fraud, money laundering and obstruction of justice. Criminal fines and restitution of more than \$6 million also have been imposed.

The Federal Creosote investigation was conducted by the Antitrust Division's New York Office, the EPA's Office of Inspector General Office and the Internal Revenue Service Criminal Investigation, with the support of the Antitrust Division's Foreign Commerce Section, the Criminal Division's Office of International Affairs and with the assistance of the U.S Customs and Border Protection – Department of Homeland Security, and the Canadian Department of Justice – International Assistance Group and the Royal Canadian Mountain Police.

# # #